

BERRIEN TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL STATEMENT

March 31, 2008

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Township Board
Berrien Township, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Berrien Township (the "Township"), as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Berrien Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Berrien Township as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and pages 20 and 21 are not a required part of the basic financial statements, but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Schaffer & Layher".

Schaffer & Layher
September 12, 2008

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA

Our discussion and analysis of Berrien Township's financial performance provides an overview of the Townships' financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in the discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008:

- The Township's total net assets decreased by \$30,570. The decrease in interest income and increases in cemetery and depreciation expense contributed to this decrease in net assets.
- It should also be noted that during this past year, our general fund revenue exceeded expenses by \$21,177. In comparing general fund balances of this current fiscal year with the year ended March 31, 2007, we find that our fund balance has grown from \$1,223,826 to \$1,245,003.
- Our investment strategy has continued over the past three years. Due to overall declining interest rates our annual rate of return went down from just over 6% to just under 5%. It has been our intent to be forward-looking and at the same time invest in instruments that are adverse to risk and optimize returns.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about Township's activities.

The Township as a Whole

The following table shows, in a condensed format, the net assets as of March 31, 2008.

	<u>Governmental</u> <u>Activities</u>	
	<u>March 31, 2008</u>	<u>March 31, 2007</u>
Current Assets	\$ 1,008,030	\$ 932,784
Other Assets	269,800	319,800
Capital Assets, Net	865,516	920,402
Total Assets	<u>\$ 2,143,346</u>	<u>\$ 2,172,986</u>
Current Liabilities	\$ 17,056	\$ 16,126
Total Liabilities	<u>\$ 17,056</u>	<u>\$ 16,126</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 865,516	\$ 920,402
Unrestricted	<u>1,260,774</u>	<u>1,236,458</u>
Total Net Assets	<u>\$ 2,126,290</u>	<u>\$ 2,156,860</u>

Unrestricted net assets are the part of net assets that can be used to finance day-to day operations. The current level of undesignated general fund balance stands at \$962,580 or about 234% percent of expenditures.

The government-wide net assets of the Township decreased by \$30,570 during the fiscal year ended March 31, 2008. However, the Township's overall financial health remains strong. The Township has been able to pursue projects as planned and budgeted.

The following table shows, in condensed format, the changes of the net assets during the current year.

	<u>Governmental Activities</u>	
	<u>March 31, 2008</u>	<u>March 31, 2007</u>
Program Revenues		
Charges for Services	\$ 50,063	\$ 47,643
Operating Grants and Contributions	67,130	66,212
General Revenues		
Property Taxes	101,233	95,315
State Shared Revenues	316,688	314,067
Unrestricted investment earnings	45,275	59,884
Franchise Fees	19,651	12,020
Miscellaneous	24,500	35,714
Total Revenues	\$ 624,540	\$ 630,855
Program Expenses		
General Government	\$ 275,689	\$ 271,498
Cemetery Care	30,284	22,838
Highway and Streets	22,688	22,491
Public Safety	181,861	179,701
Community Development	56,858	57,214
Parks and Recreation	14,647	15,602
Depreciation	73,083	69,491
Total Expenses	\$ 655,110	\$ 638,835
Change in Net Assets	\$ (30,570)	\$ (7,980)

Governmental Activities

- Total 2008 governmental revenue decreased from 2007 by approximately \$8,002, mostly due to a decrease in investment earnings and miscellaneous income offset by increased franchise fees.
- Total governmental expenses increased by approximately \$14,588 from the prior year due primarily to an increase in cemetery and depreciation expenditures.

The Township's Funds

Our analysis of the Township's major funds begins on page 9, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2008 are the General Fund and Special Revenue – Fire Fund.

General Fund Budgetary Highlights

The General Fund pays for most of the Township's governmental services. The primary services provided include general government, cemetery services, and parks and recreation.

During the course of the year, the Township amended the budget as expectations with regard to revenues and expenditures changed slightly. Total expenditures were approximately \$78,846 less than budgeted; additionally, revenues came in under budget by approximately \$39,627.

Capital Asset and Debt Administration

The Township's capital expenditures consisted mainly of fire equipment, and improvements to the rangeline park caretaker home.

The Township currently has no debt.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for next fiscal year reflects a slight increase in state-shared revenues, as well as an increase in revenues overall. Expenditures are also expected to increase slightly. As a result, the board has adopted a conservative budget that retains current fund balance, but also facilitates community priorities and quality services.

There are no other significant purchases or projects planned for the upcoming fiscal year.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Paul Sprung, Treasurer, at the Township office.

**GOVERNMENT-WIDE STATEMENT OF NET ASSETS
MARCH 31, 2008**

	<u>Primary Government</u>	
	<u>Governmental</u>	Component
	<u>Activities</u>	<u>Unit</u>
Assets		
Cash	\$ 195,470	\$ 87,193
Investments	797,267	-
Accounts Receivable	5,341	-
Taxes Receivable	7,022	-
Note Receivable	-	400
Prepaid Expenses	-	2,457
Due from Fiduciary Funds	2,930	-
Due from Berrien County Road Commission	269,800	-
Capital Assets, Net	865,516	502,654
Total Assets	<u>\$ 2,143,346</u>	<u>\$ 592,704</u>
Liabilities		
Accounts Payable	\$ 7,523	\$ 1,725
Accrued and Other Liabilities	9,533	11,339
Long-Term Debt:		
Due within one year	-	18,010
Due after one year	-	3,007
Total Liabilities	<u>\$ 17,056</u>	<u>\$ 34,081</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 865,516	\$ 481,637
Unrestricted	1,260,774	76,986
Total Net Assets	<u>\$ 2,126,290</u>	<u>\$ 558,623</u>

See accompanying notes to financial statements.

BERRIEN TOWNSHIP**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
MARCH 31, 2008**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Component Unit
Primary Government					
<i>Governmental Activities</i>					
General Government	\$ 275,689	\$ 35,148	\$ -	\$ (240,541)	
Cemetery Care	30,284	14,915	-	(15,369)	
Highway and Streets	22,688	-	-	(22,688)	
Public Safety	181,861	-	67,130	(114,731)	
Community Development	56,858	-	-	(56,858)	
Park and Recreation	14,647	-	-	(14,647)	
Depreciation	73,083	-	-	(73,083)	
Total Governmental Activities	<u>\$ 655,110</u>	<u>\$ 50,063</u>	<u>\$ 67,130</u>	<u>\$ (537,917)</u>	
Component Units					
Eau Claire District Library	<u>\$ 204,492</u>	<u>\$ 85,952</u>	<u>\$ -</u>		<u>\$ (118,540)</u>
General Revenues					
Property Taxes				\$ 101,233	\$ 130,040
State-Shared Revenues				316,688	2,995
Unrestricted Investments Earnings				45,275	2,329
Franchise Fees				19,651	-
Miscellaneous				24,500	-
Total General Revenues				<u>\$ 507,347</u>	<u>\$ 135,364</u>
Change in Net Assets				\$ (30,570)	\$ 16,824
Net Assets-Beginning				2,156,860	541,799
Net Assets-Ending				<u>\$ 2,126,290</u>	<u>\$ 558,623</u>

See accompanying notes to financial statements.

BERRIEN TOWNSHIP**GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2008**

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash	\$ 176,502	\$ 18,968	\$ 195,470
Investments	797,267	-	797,267
Accounts Receivable	4,017	1,324	5,341
Taxes Receivable	7,022	-	7,022
Due from Fiduciary Funds	2,930	-	2,930
Due from Berrien County Road Commission	269,800	-	269,800
Total Assets	<u>\$ 1,257,538</u>	<u>\$ 20,292</u>	<u>\$ 1,277,830</u>
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	\$ 5,723	\$ 1,800	\$ 7,523
Accrued and other liabilities	6,812	2,721	9,533
Total Liabilities	<u>\$ 12,535</u>	<u>\$ 4,521</u>	<u>\$ 17,056</u>
Fund Balance			
Reserved for Long-Term Receivable	\$ 269,800	\$ -	\$ 269,800
Unreserved:			
Undesignated	962,580	15,771	978,351
Designated	12,623	-	12,623
Total Fund Equity	<u>\$ 1,245,003</u>	<u>\$ 15,771</u>	<u>\$ 1,260,774</u>
Total Liabilities and Fund Equity	<u><u>\$ 1,257,538</u></u>	<u><u>\$ 20,292</u></u>	

Amounts reported for governmental activities in the statement of net assets are different because:

* Capital assets used in governmental activities are not financial resources and are not reported in the funds 865,516

Net Assets of Governmental Activities \$ 2,126,290

See accompanying notes to financial statements.

BERRIEN TOWNSHIP

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
MARCH 31, 2008

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Taxes	\$ 101,233	\$ -	\$ 101,233
Licenses and Permits	35,148	-	35,148
Federal Sources	-	2,168	2,168
State Sources	316,688	-	316,688
Interest on Investments	45,275	-	45,275
Franchise Fees	19,651	-	19,651
Fire Department Contributions	-	64,962	64,962
Charges for Services	14,915	-	14,915
Other	21,964	2,536	24,500
Total Revenues	<u>\$ 554,874</u>	<u>\$ 69,666</u>	<u>\$ 624,540</u>
Expenditures			
Current			
General Government	\$ 275,689	\$ -	\$ 275,689
Cemetery Care	30,284	-	30,284
Highway and Streets	22,688	-	22,688
Public Safety	-	181,861	181,861
Community Development	56,858	-	56,858
Parks and Recreation	14,647	-	14,647
Capital Outlay	11,942	6,255	18,197
Total Expenditures	<u>\$ 412,108</u>	<u>\$ 188,116</u>	<u>\$ 600,224</u>
Excess (Deficit) of Revenues over (under)			
Expenditures	<u>\$ 142,766</u>	<u>\$ (118,450)</u>	<u>\$ 24,316</u>
Other Financing Sources (Uses)			
Operating Transfers In	\$ -	\$ 121,589	\$ 121,589
Operating Transfers Out	(121,589)	-	(121,589)
Total Other Financing Sources (Uses)	<u>\$ (121,589)</u>	<u>\$ 121,589</u>	<u>\$ -</u>
Excess of Revenue and Other Sources			
Over Expenditures and Other Uses	\$ 21,177	\$ 3,139	\$ 24,316
 Fund Balance- Beginning of Year	 <u>1,223,826</u>	 <u>12,632</u>	
Fund Balance- End of Year	<u><u>\$ 1,245,003</u></u>	<u><u>\$ 15,771</u></u>	

Amounts reported for governmental activities in the statement of activities are different because:

*Governmental funds report capital outlay as expenditures: in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

	(54,886)
Change in Net Assets of Governmental Activities	<u><u>\$ (30,570)</u></u>

See accompanying notes to financial statements.

**FIDUCIARY FUND – STATEMENT OF NET ASSETS
MARCH 31, 2008****Assets**

Cash and cash equivalents	\$ 35,867
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Liabilities

Due to other governmental funds:

General Fund	\$ 2,930
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Due to other governmental units	26,496
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Due to other	6,441
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Total Liabilities	\$ 35,867
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See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Berrien Township (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. Reporting Entity

The Township is governed by an elected seven-member council (Board). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria are established under GASB #39 for which organizations is to be included in the reporting entity. See the following criteria and descriptions for the component units reported:

Blended Component Units – A blended component unit is a legally separate entity from the Township, but is so intertwined with the unit that it is, in substance, the same as the Township. It is reported as part of the Township and blended into the appropriate fund types. The Township currently has one blended component unit. The joint Fire Department between Berrien and Pipestone Townships is a blended component unit, and the Fire Department activity is reported as a Special Revenue Fund within Berrien Township's financial statements.

Discretely Presented Component Units – A discretely presented component unit is an entity that is legally separate from the Township, but for which the unit is financially accountable, or its relationship with the unit is such that exclusion would cause the unit's financial statements to be misleading or incomplete. The Eau Claire District Library is a discretely presented component unit of the Township. Activity of the Library is presented in the Government-Wide Statement of Net Assets and Government-Wide Statement of Activities. This information is from the Library's financial statements for the year-ended July 31, 2007, which is the most recent information available. Copies of the Eau Claire District Library's financial statements can be obtained from the Library, located at 6528 East Main Street; Eau Claire, MI 49111.

Jointly Governed Organization – The Township is not part of any jointly governed organizations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**B. Government-Wide and Fund Financial Statements, Concluded**

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segments; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Concluded**

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Property Taxes—The Township's property taxes attach as an enforceable lien on December 1st, on the taxable valuation of property (as defined by State statutes) located in the Township and payable on February 15th of the succeeding year. The Township's 2007 ad valorem tax is levied and collectible on December 1st, 2007 and is recognized as revenue in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2008 taxable valuation of the Township totaled \$140.1 million, on which ad valorem taxes levied consisted of .7216 mills for the Township's operating purposes. These amounts are recognized in the General Fund financial statements as taxes receivable-current or as tax revenue.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value and consist of only certificates of deposit greater than 90 days.

Receivables and Payables—In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items—Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**D. Assets, Liabilities, and Net Assets or Equity, Concluded**

Capital Assets—Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Township has chosen not to retroactively report any other infrastructure assets and will only report any additions prospectively in accordance with G.A.S.B. #34.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there were no assets under construction and no interest expense to capitalize.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Land Improvements	10 to 20 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave)—The Township does not compensate employees for any absences (i.e. there are no vacation days or sick days). As a result, there is no liability with regards to vacation or sick days.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designations of fund balance represent tentative management plans that are subject to change. At March 31, 2008, a portion of general fund balance has been designated for the budgeted deficit for the fiscal year ended March 31, 2009.

Estimates—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental major funds. All annual appropriations lapse at the fiscal year end. The Township Supervisor submits the proposed operating budget for the fiscal year commencing April 1st and public hearings are conducted to obtain taxpayer comments. After submission, the Township Board formally adopts the budget and any future transfers or amendments must be approved by the Township Board.

The budget document presents information by fund and then its function. The legal level of budgetary control adopted by the governing board (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1st. Expenditures in excess of the amounts budgeted is violation of P.A. 621 of 1978, Section 18(1) as amended. State law permits Townships to amend its budgets during the year. There was one amendment during the year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Major Budgeted Funds—During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Cemetery Care	30,280	30,284	(4)
Parks and Recreation	20,069	24,682	(4,613)

Fund sufficient to provide for the excess expenditures were made available from other functions within the fund, and had no impact on the financial results of the Township.

NOTE 3. DEPOSITS AND INVESTMENTS

At year end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>
Cash and cash equivalents	\$ 195,470	\$ 195,470	\$ 35,867	\$ 87,193
Investments	797,267	797,267	-	-
Total	<u>\$ 992,737</u>	<u>\$ 992,737</u>	<u>\$ 35,867</u>	<u>\$ 87,193</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>
Bank deposits (checking and savings accounts, CDs)	\$ 195,470	\$ 35,867	\$ 87,193
Certificates of deposit > 90 days	797,267	-	-
	<u>\$ 992,737</u>	<u>\$ 35,867</u>	<u>\$ 87,193</u>

Custodial Credit Risk-Deposits:

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2008, \$735,331 of the Township's bank balance, including certificates of deposit, of \$1,042,222 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Investments:

Michigan law permits investments in: 1) Bonds and other obligations of the United States Government; 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC of FSLIC, respectively; 3) Certain commercial paper; 4) United States Government repurchase agreements; 5) Banker's acceptance of the United States Bank; and 6) Certain mutual funds.

Interest Rate Risk:

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. This is accomplished by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

Credit Risk:

State law limits investments in commercial paper and corporate bonds to prime or better ratings issued by nationally recognized statistical rating organizations (NRSRO's). As of March 31, 2008, the Township had no such investments.

NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED

Concentration of Credit Risk:

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security issuer will be minimized. As of March 31, 2008, the Township had no such investments.

Custodial Credit Risk-Investments:

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by limiting investments to the types of securities allowed by law, and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business. As of March 31, 2008, the Township had no such investments.

Foreign Currency Risk:

The Township is not authorized to invest in investments which have this type of risk.

NOTE 4. RECEIVABLES AND PAYABLES

The Berrien County Road Commission receivable represents an interest-free loan to the Road Commission for Township road improvements. The remaining outstanding balance at March 31, 2008 is \$269,800 which will be repaid at \$50,000 per year though October 1, 2012 with a final \$19,800 payment due on October 1, 2013. The fund balance in the General Fund has been reserved for this amount.

Receivables as of year-end for the Township's individual major and nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Special Revenue Fund	Total
Taxes Receivable	\$ 7,022	\$ -	\$ 7,022
Accounts	4,017	1,324	5,341
Less: Allowance for Uncollectible	-	-	-
	<u>\$ 11,039</u>	<u>\$ 1,324</u>	<u>\$ 12,363</u>

Payables as of year-end for the Township's individual major and nonmajor funds and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Total
Payables:			
Trade	<u>\$ 5,723</u>	<u>\$ 1,800</u>	<u>\$ 7,523</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity of the Township's governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 70,556	\$ -	\$ -	\$ 70,556
Capital assets being depreciated				
Land improvements	\$ 50,063	\$ 1,907	\$ -	\$ 51,970
Building and building improvements	398,717	10,035	-	408,752
Equipment	1,006,715	6,255	-	1,012,970
Subtotal	<u>\$ 1,455,495</u>	<u>\$ 18,197</u>	<u>\$ -</u>	<u>\$ 1,473,692</u>
Accumulated Depreciation				
Land improvements	\$ 35,011	\$ 1,411	\$ -	\$ 36,422
Building and building improvements	143,186	8,174	-	151,360
Equipment	427,452	63,498	-	490,950
Subtotal	<u>\$ 605,649</u>	<u>\$ 73,083</u>	<u>\$ -</u>	<u>\$ 678,732</u>
Net Capital Assets Being Depreciated	<u>\$ 849,846</u>	<u>\$ (54,886)</u>	<u>\$ -</u>	<u>\$ 794,960</u>
Net Capital Assets	<u>\$ 920,402</u>	<u>\$ (54,886)</u>	<u>\$ -</u>	<u>\$ 865,516</u>

Depreciation expense was not charged to programs of the primary government. The Township considers its assets to impact multiple activities and allocations are not practical.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit Activities				
Capital assets being depreciated				
Buildings	\$ 505,783	\$ -	\$ -	\$ 505,783
Improvements	51,747	3,369	-	55,116
Furniture & equipment	245,532	16,759	(11,717)	250,574
Book collection	78,800	14,831	(18,457)	75,174
Subtotal	<u>\$ 881,862</u>	<u>\$ 34,959</u>	<u>\$ (30,174)</u>	<u>\$ 886,647</u>
Accumulated depreciation	<u>(376,034)</u>	<u>(38,133)</u>	<u>30,174</u>	<u>(383,993)</u>
Net Capital Assets	<u>\$ 505,828</u>	<u>\$ (3,174)</u>	<u>\$ -</u>	<u>\$ 502,654</u>

NOTE 6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employees injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits, property, liability, and worker's compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue	General	<u>\$ 121,589</u>

NOTE 8. DESIGNATED NET ASSETS

At March 31, 2008, a portion of general fund balance has been designated for the budgeted deficit for the fiscal year ending March 31, 2009.

NOTE 9. SCHEDULE OF REVENUES AND EXPENDITURES FOR CONSTRUCTION ENFORCING AGENCIES

The Township charges fees for the inspection of buildings and for electrical permits. These fees charged are not intended to recover the full cost of the enforcing agency and the related revenues and costs are tracked within the general fund. Pursuant to Public Act 245 of 2002, the following schedule shows the breakdown of the related revenues and expenditures.

	<u>For the Period Ended 3/31/2008</u>
Revenues	\$ 35,148
Expenditures	<u>44,861</u>
Excess of Revenues over Expenditures	<u>\$ (9,713)</u>

REQUIRED SUPPLEMENTAL INFORMATION

BERRIEN TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
MARCH 31, 2008

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance with Amended <u>Budget</u>
Fund Balance- Beginning of Year	\$1,223,826	\$ 1,223,826	\$ 1,223,826	
Available for Appropriation (Inflows)				
Taxes	\$ 100,714	\$ 100,714	\$ 101,233	\$ 519
Licenses and Permits	42,000	42,000	35,148	(6,852)
State Sources	315,462	315,462	316,688	1,226
Interest	36,000	36,000	45,275	9,275
Franchise Fees	10,000	10,000	19,651	9,651
Charges for Services - Cemetery	8,000	8,000	14,915	6,915
Other	27,325	27,325	17,260	(10,065)
Streets and Highways	55,000	55,000	4,704	(50,296)
Total Revenue	<u>\$ 594,501</u>	<u>\$ 594,501</u>	<u>\$ 554,874</u>	
Expenditures				
General Government				
Trustees	17,698	17,744	15,706	2,038
Supervisor	21,529	21,589	19,927	1,662
Elections	1,550	3,328	3,328	-
Assessor	62,978	63,944	61,012	2,932
Clerk	24,987	25,052	22,029	3,023
Board of Review	838	840	731	109
Treasurer	22,120	22,182	20,289	1,893
Financial and Office	58,899	58,955	58,709	246
Township Hall and Grounds	20,059	20,671	19,409	1,262
Building Inspection	43,716	45,369	44,861	508
Board of Appeals	1,294	1,297	765	532
Planning Commission	12,312	12,323	10,830	1,493
Total General Government	<u>\$ 287,980</u>	<u>\$ 293,294</u>	<u>\$ 277,596</u>	
Cemetery Care	25,947	30,280	30,284	(4)
Highways and Streets	22,800	22,800	22,688	112
Community Development	61,111	61,111	56,858	4,254
Parks and Recreation	20,381	20,069	24,682	(4,613)
Transfer Out	139,769	139,769	121,589	18,180
Total Expenditures	<u>\$ 557,988</u>	<u>\$ 567,323</u>	<u>\$ 533,697</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ 36,513</u>	<u>\$ 27,178</u>	<u>\$ 21,177</u>	
Fund Balance- End of Year	<u>\$1,260,339</u>	<u>\$ 1,251,004</u>	<u>\$ 1,245,003</u>	

BERRIEN TOWNSHIP**REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
MARCH 31, 2008**

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance with Amended <u>Budget</u>
Fund Balance- Beginning of Year	\$ 12,632	\$ 12,632	\$ 12,632	
Available for Appropriation (Inflows)				
Fire Department Contributions	\$ 76,591	\$ 76,591	\$ 64,962	\$ (11,629)
Miscellaneous	-	-	3,017	3,017
Transfer in	139,769	139,769	123,276	(16,493)
Total Revenue	<u>\$ 216,360</u>	<u>\$ 216,360</u>	<u>\$ 191,255</u>	
Expenditures				
Fire Protection	\$ 216,360	\$ 216,360	\$ 188,116	\$ 28,244
Total Expenditures	<u>\$ 216,360</u>	<u>\$ 216,360</u>	<u>\$ 188,116</u>	
Excess of Revenue Over Expenditures	<u>-</u>	<u>-</u>	<u>3,139</u>	
Fund Balance- End of Year	<u>\$ 12,632</u>	<u>\$ 12,632</u>	<u>\$ 15,771</u>	



To the Board of Trustees
Berrien Township

In planning and performing our audit of the financial statements of Berrien Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Berrien Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency, is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

The size of the Township's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Trustees remain involved in the financial affairs of the Township to provide oversight and independent review functions, and continue to look at ways to enhance controls with the existing staff.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA

During the course of our engagement, we have been asked to prepare drafts of the Company's financial statements in accordance with generally accepted accounting principles. Consistent with many other small governmental entities, the employees and management responsible for reviewing those financial statements lack the knowledge to properly apply generally accepted accounting principles.

In addition, and also consistent with many other small governmental entities, we have been asked to make material adjusting entries affecting Berrien Township's financial statements.

This communication is intended solely for the information and use of management, Berrien Township's Board and others within the organization and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Schaffer & Layher".

Schaffer & Layher
September 12, 2008